

Message Text

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ACTION NEA-09

INFO OCT-01 ISO-00 PA-01 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 AGR-05 DODE-00 PM-03

H-02 L-02 NSC-05 PRS-01 SS-15 USIA-06 STR-04 CEA-01

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FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 2787

INFO AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY TEHRAN

USINT BAGHDAD

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DEPT PASS TREASURY

E.O. 11652: N/A

TAGS: EFIN, EINV, KU

SUBJECT: VISIT GOV WALLER GIVES FURTHER INSIGHTS INTO KUWAIT
INVESTMENT POLICIES IN U.S.

1. DURING HIS THREE DAY VISIT TO KUWAIT, MISSISSIPPI GOV.
WILLIAM WALLER MET SEPARATELY WITH MIN. FINANCE ATEEQI AND CHAIRMAN
PARTIALLY GOK-OWNED KUWAIT INVESTMENT CO. BADER AL-DAOUD AMONG
OTHERS. GOVERNOR TALKED IN GENERAL TERMS WITH BOTH RE POSSIBILITIES
THEIR INVESTING IN DEVELOPMENT OF AGRICULTURE, FOOD PROCESSING,
AND OTHER INDUSTRIAL PROJECTS IN HIS STATE.

2. ATEEQI OPENED BY EXPLAINING THAT INVESTMENT DIRECTLY FROM
HIS MINISTRY AND OTHER IDENTIFIABLE KUWAIT INVESTMENT INSTITUTIONS
TO U.S.M WAS BECOMING INCREASINGLY UNTENABLE IN VIEW OF CONTINUING
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STALEMATE IN ARAB-ISRAEL PROBLEM. HE CITED TALK HE HAD EARLIER
SAME DAY WITH ASST. TREASURY SECRETARY PARSKY AS DEALING WITH

THESE PROBLEMS. AS ONE EXAMPLE KUWAIT'S INVESTMENT POLICY RE US, HE CLAIMED KUWAIT WAS NOT "DIRECTLY" PURCHASING US BONDS AND, IN FACT, WOULD PROBABLY SELL THOSE WHICH IT HAD DIRECTLY PURCHASED, ALTHOUGH ITS INTERMEDIARIES IN THE STATES MIGHT WELL CONTINUE TO BUY SUCH INSTRUMENTS FOR KUWAIT'S ACCOUNTS. GENERAL TENOR OF ATEEQI'S REMARKS WAS THAT AT ONE POINT HE HAD BEEN WILLING TO OPENLY DEFEND US AS FRIEND OF ARABS BUT SUCH A POSITION WAS NOT POLITICALLY TENABLE IN PRESENT CIRCUMSTANCES, ALTHOUGH FRIENDSHIP AND RECOGNITION OF IMPORTANCE OF STRONG TIES WITH U.S. REMAINED.

3. AFTER GETTING ARAB-ISRAELI-US AFFAIRS OFF HIS CHEST, HE ALLOWED THE GOVERNOR TO OUTLINE TYPES OF INVESTMENT AND LOANS MISSISSIPPI SEEKING. ATEEQI GAVE GOVERNOR SYMPATHETIC HEARING AND AT ONE POINT SEEMED TO SAY THAT GOVERNOR'S PRESENCE WAS EVIDENCE HE NOT UNFRIENDLY TOWARDS ARABS, AND THAT HIS STATE AND REGION IN GENERAL MIGHT WARRANT FURTHER KUWAITI CONSIDERATION. HE ASKED THE GOVERNOR TO SEND HIM SPECIFIC PROPOSALS WHICH HIS STAFF COULD REVIEW, AND THE NAMES OF BANKS IN MISSISSIPPI WHICH MIGHT SERVE AS CHANNELS FOR LOANS OR INVESTMENTS. HE CLEARLY STATED THAT WHILE KUWAIT WOULD NOT VISIBLY MAKE SUCH INVESTMENTS, IT WOULD BE WILLING TO ACT THROUGH ITS AGENT BANKS IN THE US IF ANY OF THE PROPOSALS LOOKED PROMISING.

4. PRIOR TO MEETING ATEEQI, GOVERNOR HAD MET WITH BADER AL-DAOUD, CHAIRMAN OF KUWAIT INVESTMENT CO., AND HAMAD AL-BAHAR, KIC GENERAL MANAGER. BAOUD OPENED MEETING ON FRIENDLY NOTE PRESENTING GOVERNOR WITH MODEL DHOW AND SAYING KIC WOULD LIKE TO INVEST IN THE US. HE THEN CITED RECENT STORIES IN US PAPERS CRITICAL OF KIC INVESTMENT AND SINGLED OUT AS PARTICULARLY HARMFUL STORY CLAIMING KUWAIT STOCKPILING ARMS ON KIAWAH ISLAND. HE THEN TURNED TO LOCAL PAPERS, ONE OF WHICH HAD CRITICIZED KIC FOR PUTTING MONEY IN US, AND SAID HE WAS NOT AFRAID OF HEADLINES IN EITHER COUNTRY. HE LISTENED TO DETAILS OF SEVERAL PROPOSALS FROM MISSISSIPPI BUSINESSMEN AND SEEMED INTERESTED IN A PROPOSAL TO BUILD A RICE MILL IN THE STATE AND IN POSSIBILITIES OF POULTRY OPERATIONS IN KUWAIT AND ELSEWHERE. HE SAID PROPOSALS DESERVED CONSIDERATION BUT KIC WAS QUOTE DECELERATING UNQUOTE INVESTMENTS IN THE US. HE BROADENED THIS TO SAY THAT KIC WOULD NOT BE ABLE TO INVEST GOK LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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MONEY IN THESE TYPES OF PROJECTS UNTIL QUOTE THERE IS A CLEAR-CUT SOLUTION OF THE PROBLEM IN THE MIDDLE EAST ONE WAY OR THE OTHER UNQUOTE. DAOUD LATER RESTATED HIS POSITION BY SAYING QUOTE NOTHING WILL BE INVESTED IN THE US RIGHT NOW UNTIL THERE IS PEACE IN THE MIDDLE EAST UNQUOTE. HE CLOSED MEETING BY SAYING THAT JOINT VENTURES OF KIC CAPITAL AND US TECHNOLOGY IN THIRD COUNTRIES OR IN KUWAIT WAS STILL POSSIBLE.

5. COMMENT BY SEPTTEL.
STOLTZFUS

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